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S E C R E T SECTION 01 OF 02 BAGHDAD 003332

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TAGS: [ETRD](#) [IZ](#) [PBTS](#) [PGOV](#) [PREL](#)  
SUBJECT: DUST TO DINARS: WASIT PC PROFITS FROM AN  
OPPORTUNITY AT THE ZURBATIYAH PORT-OF-ENTRY

Classified By: PRT TEAM LEADER FOR REASONS 1.4(B) AND (D).

[¶1.](#) (U) This is a PRT Wasit reporting cable.  
[¶2.](#) (S) SUMMARY AND COMMENT: The Wasit Provincial Council (PC) is pursuing independent efforts to offset resource shortages from the national government. A provincially owned - and potentially lucrative - truck staging area at the Zurbatiyah Iran/Iraq Port-of-Entry (ZPOE) collects border point access fees and may be operating with tacit ministerial level approval. The Provincial Council is directly responsible for the collection, accounting, and disbursement of funds collected at the staging area operation, which it uses to supplement the delivery of essential services in Wasit. As the Wasit PC continues to exercise what it sees as its right and responsibility under the Provincial Powers Law (PPL), it will continue to test the limits of provincial governmental authority related to sub-national revenue generation and to expand the role of the Council in providing essential services in the province. END SUMMARY AND COMMENT.  
A PRECEDENCE OF LOCAL CONTROL

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[¶3.](#) (SBU) According to both the current and former PC Chairmen, the truck staging area adjacent to the Zurbatiyah Iran/Iraq Port-of-Entry (ZPOE) dates from 2003. This undeveloped lot of rough, but relatively flat, ground with access points at both ends was originally controlled by a local sheik, Sheik Bashar al-Alami. Bashar started his operations there shortly after the fall of the previous regime. The timeline for control of the staging area is muddled by the ambiguity fostered by the previous PC. What is clear is that the Wasit PC wrested control from Bashar and managed the area for as long as two years. Not one to lose out on a lucrative income stream, Bashar was able to convince the Ministry of the Interior (MoI) to return operational control to him sometime in 2005. In 2009, the current PC reasserted governmental authority over the staging area operations and now fully controls it. MoI directly supported this change of control by providing Iraqi Security Forces to evict Bashar.

[¶4.](#) (SBU) During the July 1st, 2009 plenary Provincial Council meeting, the PC approved a resolution formally imposing "taxes on the yard of the POE of Badrah." The resolution refers to the authority granted to the PC under Article 21 of the PPL and notes that the special bank account to be used for these monies was to be "supervised by the bureau of the Ministry of Finance." The resolution allows the PC to decide how to use monies collected, in accordance with the Iraqi National Code.

INTERNATIONAL BORDER / LOCAL REVENUE  
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[¶5.](#) (SBU) Using a multi-tiered fee structure based on the size and type of vehicle, PC employees at the border collect monies from bus, truck, and taxi drivers as they arrive at the entrance to the ZPOE. Vehicles are marshaled into a newly walled area while they await access to the POE. The apparent value-added service of the staging area is a relatively safe location to await the border crossing and, if one is willing to pay a higher "commercial" rate, expedited

access to the POE. During peak times vehicle traffic is heavy and given the limited hours of operation of the POE, an overnight stay on site is not uncommon.

¶6. (SBU) The Staging Area Director, Quasim Intayshah (a cousin of PC Chairman Haji Mahmoud Rida Talal), suggested that vehicles utilizing the ZPOE - particularly heavy trucks - damage provincial roads and that this fee was levied to Q- damage provincial roads and that this fee was levied to offset ancillary costs associated with ZPOE operations. However, neither Director Quasim nor any member of the PC have provided specifics on how this fund is to be earmarked for road repairs.

¶7. (SBU) During a tour of the area, Director Quasim explained to PRTOffs that the PC owns approximately fifty donams (thirty acres) of land outside the gates of the POE and directly employs thirty-two personnel responsible for its daily operation. The pool of applicants for the personnel come from recommendations by PC members and qada'a councils from around the province. Once at the ZPOE, heavy vehicles are levied a standard fee of up to 40,000 ID (USD 34 at ID 1170 = USD 1) with "commercial" vehicles weighing over sixteen tons paying 200,000 ID (USD 171) each for expedited access. When queried about a passing tanker truck, the Director noted that these tankers, transporting fuel products "from Russia to Iraq through Iran," were charged 25,000 ID (USD 21) to enter the POE on their return trip to Iran. A partnership of Iranian and Iraqi transportation companies also make use of the Staging Area; taxis and mini-buses awaiting Iranian pilgrims transiting Wasit to the shrines of Najaf and Karbala pay 3,000-5,000 ID (USD 2.50-4.25) to wait in the lot on the Iraqi side. Director Quasim said the ZPOE is not equipped to handle the heavy volume of traffic at the border and the Staging Area provides a necessary service to

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both the Port-of-Entry and the traveler.

¶8. (SBU) Total daily revenues for the Staging Area are estimated in the 12 to 13 M ID (roughly USD 11,000 per day). The Director noted future expansion plans include the purchase of an additional fifty donams immediately across the highway and increased commercial activity in the area with restaurants and shops. Relations between the Staging Area and Port-of-Entry appear to be outstanding; the Ministry of Interior Department of Border Enforcement Commander at the ZPOE noted excellent cooperation between the two distinct governmental entities.

#### ACCOUNTING AND PROVINCIAL COUNCIL SPENDING

¶9. (SBU) In subsequent discussions, PC Finance Committee Chair Ala' Ismael Hamid confirmed the estimated revenues provided by Director Quasim and was quick to attest to the Council's complete control of the Staging Area. Ala' said that all revenue is deposited daily in the al-Rasheed Bank in al-Kut, is monitored by the PC Finance Committee, and is subject to periodic audit by the Ministry of Finance. She expressed complete confidence in the transparency of the process, noting that no monies from this revenue source could be spent without the full consent of the Provincial Council.

¶10. (SBU) The PC allocates funds from the Staging Area's income for individual assistances cases and to shore up shortfalls in essential services normally provided via varied Ministries. In August, 22 members of the Council voted to subsidize salaries for nurses under contract with the Health Directorate and to award monies to the victims of bus bombings in al-Numaniyah and al-Dabuni. A recent Council notice, confirmed by the Finance Committee Chair, noted that a major target for current funds will be the new initiative sponsored by the PC Chair Haji Mahmoud to bring a group of Indian physicians to Wasit Province. PC Chairman Haji Mahmoud said that he was unable to obtain assistance from the Ministry of Health to augment provincial medical providers from the Minister of Health. Failing that, he pursued the initiative independently with provincial funds.

¶11. (SBU) The PC also allocates small stipends from the revenue to each qada'a and nahia government in the province. This 700,000 ID (USD 600) monthly stipend is intended to

cover the basic petty cash needs of each district and sub-district council. In recent weeks, PRTOffs have met with mayors and district council chairmen in Al-Aziziyah, Sheik S'aad, and Badrah, all of whom report receiving the stipend regularly. While each claimed it was insufficient for their needs, they also expressed appreciation for the Council's support.

COMMENT

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¶12. (S) PC members and employees of the Staging Operation tout the transparency of the revenue generation, but opportunities for corruption exist. The PC has implemented basic controls, like sequential ticket numbers and a separation of those selling passes from those collecting them at the gate. Nevertheless, a friendly conspiracy amongst these groups remains a possibility. Another potential concern is PC Chairman Mahmoud's assertive control over the operation and the disbursement of revenue. PRTOffs do not have a clear impression of the extent to which spending decisions are debated in PC meetings and Haji Mahmoud seems to have a solid majority of 15-17 votes (of 28 members) to support his initiatives. Based on the anecdotal reports received so far, however, the funds appear to be distributed Qreceived so far, however, the funds appear to be distributed in different sectors and in a manner that will benefit a broad number of provincial citizens. Moreover, Haji Mahmoud complied fully with PRT requests to research the operation, encouraging all those interviewed to share information freely with us.

¶13. (S) As the PC expands and enhances operations, the use of an international border crossing by a provincial government to raise local revenue, even in this ancillary manner, will likely draw increased scrutiny from Baghdad. The Port-of-Entry at Zurbatiyah is strategically significant and there have been recent reports of lethal aid from Iran entering Iraq near the ZPOE as well. This PC, led by Haji Mahmoud, has given every indication that it plans to continue to explore ways to generate its own revenue to provide services where it deems necessary. A recent report from the PC Finance Committee Chair indicated the Council would soon be implementing a fee on heavy gravel trucks in the Badrah area, allocating 50% of the revenue to the locality for road repair.

¶14. (S) With a wry smile and more than a touch of irony, former PC Chair Mohammed Hassan Jabber remarked recently that Wasit Province has paid a price for its proximity to Iran in many ways. Therefore, he said, the few dinars that the Province recouped via the Zurbatiyah Port-of-Entry Staging Area was a very small and hard-earned recompense.

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